

# MALTA

## *Attracting Significant Investment*



The Malta Freeport

LAST YEAR ALONE, MALTA ENTERPRISE, WHICH IS THE GOVERNMENT'S agency focused on attracting inward investment and supporting enterprise in Malta, approved 33 new projects that are expected to involve an investment of over Lm10 million within the first three years of their operation. The Malta Enterprise also approved 36 expansion projects expected to reflect an investment of Lm18 million within the first three years. The government has also recently announced it was close to reaching an unprecedented deal with a well known Dubai-based company that will build an IT village at Ricasoli industrial estate employing 5,600 people in the biggest private foreign investment project Malta has ever seen.

IT and Investments Minister Austin Gatt has stated that Tecom Investments was expected to invest about Lm110 million in the project, which will be known as SmartCity@Malta. The project will be modelled on Dubai Internet City (DIC), which is a strategic base for 700 IT companies - that include giants like Microsoft, HP, IBM, Dell, Siemens, Canon, Sony Ericsson and Cisco - targeting nearby markets. Built in 2000, DIC provides a one-stop-shop environment for





### Maltese currency

a variety of services required for setting up and running a business. Tecom Investments was set up by the Dubai government to develop and operate DIC as well as being a leading telecommunications network operator and service provider.

Also, recently, Siegfried Generics, an international pharmaceutical company, announced that it shall be investing Lm6 million in Malta. The Siegfried Group was founded in 1873 and is a global chemical supplier and service provider to the pharmaceutical and chemical industry alike. Based in Switzerland, it also has production sites in Germany and the US, with 1,000 employees in all.

Lurking in the centre of the Mediterranean, Malta might look like a drop in the ocean, but the investment opportunities by far dwarf its size. There are now over 250 foreign-owned companies operating in Malta and more keep coming as business people realise that the island has much to offer.

Many corporate strategists see Malta's geographical location as the ideal gateway to the European and North African markets, further facilitated by the excellent communications

infrastructure and the efficient air and sea connections.

Economic and political stability, healthy industrial relations and competitive labour costs have been the pillars sustaining the success of several foreign companies for nearly 50 years.

Malta benefits from several competitive advantages – it boasts an extremely flexible workforce and high productivity for technology intensive operations. The fiscal incentives regime and legal regulatory framework are straightforward, providing an added spur to the companies that have already set up base here.

The Business Promotion Act, in force since 2001, provides incentives for those industries engaged in manufacture, repair, improvement and maintenance activities. The incentives include reduced competitive tax rates applicable for a number of years – at present five per cent income tax on company profits. It also provides investment tax credits up to 65 per cent of capital investment and ready built factory buildings at competitive rates.

Moreover, there are various investment tax credits as well as tax incentives for the manufacturing and related service companies. Malta also has a number of tax treaties with various countries, which ensure that profits generated here are not weighed down by taxes.

So what is the starting point if you want to invest here? Set up in January 2004, Malta Enterprise is the national one-stop agency providing a comprehensive range of support services and incentives to enable local and foreign companies to maximise Malta's strategic resources and capabilities to compete successfully in targeted sectors.



Malta's strategic location has been the key to the current success in terms of its economic development. In recent years, Malta has also evolved as a marketing and sales centre. For example, certain international banks are using the island to market their products in other Mediterranean countries – not a bad idea considering there is a market of 220 million people in the region.

Foreign direct investment in Malta has seen a transformation over the past four decades having started out with low value-added and labour intensive industries such as textile production, then on to electronics. Today manufacturing is taking on a new role in the knowledge-based economy and embracing sectors such as information technology and pharmaceuticals.

The foreign companies present in Malta operate mostly in engineering, electronics, automotive, telecommunications, software, plastics and pharmaceutical sectors. Several medium-sized international firms, as well as big global international firms and established international names have found their ventures in Malta to be highly profitable. e



#### ADVANTAGES OF USING MALTA AS A HUB:

- Geographical location - proximity to North Africa and Europe mainland
- Western culture
- Wide use of English language
- EU member state
- Safe and secure
- Good knowledge of US and North African cultures and systems – experience in Libya
- Fiscal advantages
- Advantageous wages
- Great place to live (culture, weather, food, etc.)